

Small Business Regulatory Flexibility Improvements Act

Rep. Ben Cline

ISSUE

According to the National Federation of Independent Business' Small Business Problems and Priorities, "unreasonable government regulations" ranks as the second largest problem for small businesses. Because of limited resources, small businesses often face disproportionate challenges when complying with new federal regulations. As Congress continues to abdicate its authority more and more to the executive branch through the allowance of government regulations, this has increased the burden on everyday Americans and small businesses, especially.

Section 610 of the *Regulatory Flexibility Act* requires agencies to review existing rules that significantly impact a substantial number of small entities and determine whether to leave the rule as is, improve its effectiveness, or repeal it. Unfortunately, Section 610 is largely ineffective for the following reasons: vague definitions, the fact that it only applies to a small subset of rules, a lack of consequences for agencies that fail to conduct reviews, and several other ad hoc regulatory review efforts.

WHAT THE BILL DOES

The *Small Business Regulatory Flexibility Improvements Act* is a commonsense solution to address this issue by modifying the rulemaking requirements and procedures of federal agencies (excluding Congress, U.S. courts, U.S. territories and possessions, and the District of Columbia) under the *Regulatory Flexibility Act of 1980 (RFA)* and the *Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA)*.

Under the bill, agencies are required to modify their rulemaking procedures to:

- include within initial and final regulatory flexibility analyses a detailed statement of information relating to a proposed rule;
- include in the agency regulatory flexibility agenda a description of the sector of the North American Industrial Classification System that is affected by a proposed agency rule that is likely to have a significant economic impact of a substantial number of small entities;
- require each initial regulatory flexibility analysis to contain detailed information about a proposed rule, including why agency action is being considered, the objectives and legal basis for the proposed rule, and an estimate of the number and types of small entities to which the proposed rule will apply;
- eliminate waivers or delays of an initial regulatory flexibility analysis;
- modify the procedures for participation of small entities in the promulgation of a proposed rule and the review panel advocacy process; and
- publish a plan for the periodic review of existing rules and new rules that have a significant impact on a substantial number of small entities to determine whether such rules should be continued, changed, or rescinded.

The Small Business Act is also amended to authorize the Chief Counsel for Advocacy of the Small Business Administration (SBA) to make small business size-standard determinations for all purposes other than for the purposes of such Act or *the Small Business Investment Act of 1958*.

Support: National Federation of Independent Business (NFIB)

For questions or to cosponsor the bill, please contact Nicole Manley at Nicole.Manley@mail.house.gov.